

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED

SEP 27 5 17 PM '96


SPECIAL SERVICES FEES AND CLASSIFICATIONS, 1996)

POSTAL RATE COMMISSION
DOCKET NO. MC96-3
OFFICE OF THE SECRETARY

NASHUA PHOTO, INC., MYSTIC COLOR LAB, AND SEATTLE FILMWORKS INC.
FOURTH FOLLOW-UP INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO UNITED STATES POSTAL SERVICE (NMS/USPS-83-92)
(September 27, 1996)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Nashua Photo Inc., Mystic Color Lab, and Seattle FilmWorks, Inc. hereby submit the following follow-up interrogatories and document production requests. If necessary, please redirect interrogatories and/or requests to a more appropriate Postal Service witness.

Respectfully submitted,




William J. Olson
John S. Miles
William J. Olson, P.C.
8180 Greensboro Drive, Suite 1070
McLean, Virginia 22102-3823
(703) 356-5070

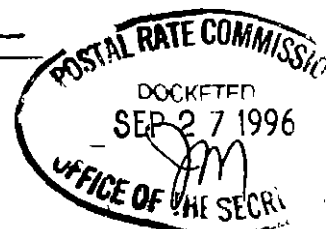
Counsel for Nashua Photo Inc., Mystic Color Lab,
and Seattle FilmWorks, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.


William J. Olson

September 27, 1996



NMS/USPS-83.

Your response to NM/USPS-11 states that "While no BRMAS account holder expecting to receive 1-ounce pieces can say with absolute certainty that no incoming piece will exceed this limit, many are able to project with great confidence that pieces exceeding 1 ounce will be very rare." (Emphasis added.) It further states that "Others...also are able to project with great confidence that pieces outside the expected weight range will be very rare." (Emphasis added.)

- a. Please explain and quantify the terms "great confidence" and "very rare." For instance, in terms of pieces that weigh more than one ounce, or have a weight outside the expected range, what kind of error rate would constitute an outcome outside the range of "great confidence" or "very rare"? In terms of revenue protection, what kind of error rate is the Postal Service willing to tolerate for such BRMAS mail?
- b. Can all BRMAS recipients (i.e., 100%) project the weight with great confidence, and be certain that pieces outside the expected weight range will be very rare?
- c. Unless the answer to the preceding question is an unqualified affirmative, for those BRMAS-qualified recipients that cannot predict the weight with great confidence (and whose mail is processed on automated equipment), please explain fully all steps, internal checks, procedures, audit procedures, etc., that the Postal Service utilizes to protect revenues and ensure that it collects the proper amount of First-Class postage due on each piece. Please make available as a library reference all printed instructions, procedures, etc., that pertain to ascertaining the correct weight and First-Class postage due on BRMAS pieces for any account where the weight may vary by an amount sufficient to cause the applicable postage to vary.
- d. For those BRMAS-qualified recipients that cannot predict weight with great confidence, has the Postal Service established any error rate that it is willing to accept vis-a-vis revenue protection?

NMS/USPS-84.

The response to NM/USPS-47(a) states that "Although the test is currently being evaluated, no set 'time frame' has been established." (Emphasis added.) From this statement, it would appear that an "evaluation" -- meaning some kind of critical assessment that amounts to more than just mere data gathering -- is underway. At the same time, the response to #47(b) states that "No specific 'criteria' have been formulated to evaluate the test."

- a. Please explain how an evaluation can be currently underway without any criteria having been formulated for the evaluation.
- b. When did work begin on the evaluation that is currently underway?
- c. Please provide the Postal Service's best estimate of how far (or close) the evaluation currently underway is to completion (e.g., 10%, 25%, 50%, etc.).

- d. Has any deadline been established for completion of the evaluation currently underway?
- e. Does the Postal Service expect that the evaluation currently underway will provide a sufficient basis for it to decide whether the Prepaid Courtesy Reply Mail test either should be made permanent or discontinued?

NMS/USPS-85.

The response to NM/USPS-49 states that "The mailer [Brooklyn Union Gas] would perform accounting functions based on its records to establish the amount of postage."

- a. Does the Postal Service conduct any kind of audit, sampling or other check on the accuracy of the accounting functions performed by Brooklyn Union Gas?
- b. Unless the answer to the preceding question is an unqualified negative, how frequently does the Postal Service conduct such audit, sampling, or other check on the accounting functions performed by Brooklyn Union Gas?
- c. Does the Postal Service have any written rules, procedures, guidelines or the like when performing any audits that it conducts of the accounting functions performed by Brooklyn Union Gas? If so, please provide a copy as a library reference.
- d. What error rates have been detected by Postal Service audits, samples or checks on the accuracy of Brooklyn Union Gas' accounting functions?

NMS/USPS-86.

The response to NM/USPS-53 states that "the test is not a classification."

- a. Does the Postal Service consider the test to be an experiment?
- b. Does the Postal Service consider the lack of a per-piece fee -- or a per-piece fee equal to zero -- to be an experimental rate? If not, what is it?
- c. Is the Memorandum of Understanding ("MOU") with Brooklyn Union Gas, LR-SSR-149, a prototype of a negotiated contract? If not, why not?
- d. Will any additional participant(s) in the Prepaid Courtesy Reply Mail test be required to enter into (i) an identical MOU, or (ii) a similar MOU?
- e. Regardless of the response to the preceding parts of this question, please state whether the Postal Service describes, considers, or otherwise refers to Prepaid Courtesy Reply Mail of Brooklyn Union Gas as anything other than as a "test."

NMS/USPS-87.

The response to NM/USPS-54 states that "the Postal Service has not completed a study which would indicate whether it incurs any costs by virtue of any special handling or other characteristics of the test pieces. Nor has it completed a study...." (Emphasis added.)

- a. Please state whether work on any such study (or studies) has (have) begun.
- b. Unless the response to the preceding question is an unqualified negative, when did work begin on each such study?
- c. Please provide the Postal Service's best estimate of how far (or close) any such study is to completion (e.g., 10%, 25%, 50%, etc.).
- d. Has any deadline been established for completion of any such study that may be currently underway? If so, please indicate when completion is expected.
- e. If the response to part a. is an unqualified negative, please indicate whether the Postal Service plans to initiate any such study before January 1, 1997.

NMS/USPS-88.

The response to NM/USPS-55 states that "the Postal Service has not completed a study which measures the cost associated with its processing and handling and administration of BRM pieces vs. its processing and handling and administration of test pieces." (Emphasis added.)

- a. Please state whether work on any such cost study has begun.
- b. Unless the response to the preceding question is an unqualified negative, when did work begin on such a cost study?
- c. Please provide the Postal Service's best estimate of how far (or close) any such cost study is to completion (e.g., 10%, 25%, 50%, etc.).
- d. Has any deadline been established for completion of any such cost study that may be currently underway? If so, please indicate when completion is expected.
- e. If the response to part a is an unqualified negative, please indicate whether the Postal Service plans to initiate any such study before January 1, 1997.

NMS/USPS-89

With respect to the answer to NM/USPS-57, please indicate whether postage for Prepaid Courtesy Reply Mail is deducted from the BRM deposit account of Brooklyn Union Gas, or whether the company maintains a separate and special deposit account for Prepaid Courtesy Reply Mail.

NMS/USPS-90.

Please refer to the response to NM/USPS-58. Has Prepaid Courtesy Reply Mail replaced some or all of the BRM/BRMAS that Brooklyn Union Gas used for its customers prior to initiation of the test? If so, please state the Postal Service's best estimate of the percentage of BRM/BRMAS that has been displaced by Prepaid Courtesy Reply Mail.

NMS/USPS-91.

Please refer to the response to NM/USPS-59, which describes the separate envelopes used by Brooklyn Union Gas. Are the envelopes used for Prepaid Courtesy Reply Mail? Please provide as a library reference samples of the BRM envelopes and the Prepaid Courtesy Reply Envelopes used by Brooklyn Union Gas.

NMS/USPS-92.

Your response to NM/USPS-56 speaks of the payment of only First-Class postage.

- a. Please confirm that in this test, other than First-Class postage, that (i) no BRM fees are being paid; (ii) no BRMAS fees are being paid; (iii) no Prepaid Courtesy Reply Mail fees are being paid; and (iv) no other per-piece fees, charges, or other amounts are being paid by Brooklyn Union Gas.
- b. (i) Please explain whether the 32-cent First-Class postage is paid on all envelopes mailed out by Brooklyn Union Gas (as implied by your response to NM/USPS-49) or whether the 32-cent First-Class postage is paid only for envelopes received by Brooklyn Union Gas; (ii) if the latter, in what sense is Prepaid Courtesy Reply Mail being "prepared" by Brooklyn Union Gas; (iii) how is such mail distinguishable from normal BRMAS mail in terms of Postal Service processing and mailer worksharing; (iv) are the "accounting functions" mentioned in response to NM/USPS-49 the same functions performed by the Postal Service for BRMAS mail, and if not, how do they differ; and (v) what justifies the Postal Service decision not to charge BRM or BRMAS fees to Brooklyn Union Gas?